



INCOME INVESTING

# Investors Think Ford's 'Special' Dividend Is Not So Special

By Amey Stone

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On Tuesday evening, **Ford Motor** (F) guided investors to expect better earnings growth, said it would hit the higher end of its revenue target and announced a \$1 billion special dividend.

Yet the stock fell 4% Wednesday and was basically flat on Thursday, a good day for markets.

Some investors were disappointed guidance wasn't higher. But it also turns out that investors were irked that Ford is only promising a one-time dividend rather than permanently hiking its payout [the way General Motors \(GM\) did](#).

**John Petrides, portfolio manager with Point View Wealth Management**, explains:

The market seems fearful that the auto cycle has peaked and is turning, and Ford's actions of paying out a special dividend rather than growing the dividend is a sign the company is nervous about the future.

But Petrides thinks Ford is a good stock for income investors to buy now. He wrote *Barron's* Wednesday:

Excluding the special dividend, at the current share price, investors are receiving a 4.6% dividend yield, for a company trading at 6.2x price-to-earnings multiple, with a near fully funded pension plan. It sports an investment grade credit rating, with a management team that just gave a solid outlook on its revenue and earnings growth targets. It continues to invest in the future by rolling out new models and investing in electric cars. Ford's stock is so cheap, and has ample cash and liquidity, the company could very well start a significant buyback program.